



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0352	<b>Title:</b>	Prohibit outfitting on state lands inaccessible to public
<b>Primary Sponsor:</b>	Jacobson, Tom	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$36,378	\$36,505	\$36,558	\$36,604
State Special Revenue	(\$36,378)	(\$36,505)	(\$36,558)	(\$36,604)
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Common School Guarantee Acct (02)	(\$36,378)	(\$36,505)	(\$36,558)	(\$36,604)
Other	(\$5,980)	(\$5,987)	(\$5,989)	(\$5,992)
<b>Net Impact-General Fund Balance:</b>	<u>(\$36,378)</u>	<u>(\$36,505)</u>	<u>(\$36,558)</u>	<u>(\$36,604)</u>

**Description of fiscal impact:** HB 352 impacts the Department of Natural Resources and Conservation (DNRC) Trust Land Management Division (TLMD) by restricting recreational use licenses for outfitting on state lands which are inaccessible to the public. Restricting outfitting reduces revenue for school trust lands by approximately \$42,000 annually.

### FISCAL ANALYSIS

#### Assumptions:

- Over the past two fiscal years, TLMD has averaged \$127,400 annually in revenue for outfitting licenses on state trust lands.
- DNRC does not track whether or not the lands included within those licenses have legal access.
- For fiscal note purposes, DNRC estimates that approximately one-third of trust land acreage does not have legal access.
- SB 352 would reduce outfitting license revenue for the trust beneficiaries, including the Common Schools, the University System (MSU-2<sup>nd</sup>, MSU-Morrill, State Normal School (Eastern and Western), Montana Tech, and the University of Montana), Public Buildings, and other trusts (School for the Deaf and Blind, and State Reform School – Pine Hills).

5. Reductions to the Common Schools distributable revenue are allocated 95% to the state special revenue guarantee account and 5% to the common schools permanent fund. Reductions to the guarantee account represent a reduction to K-12 BASE Aid funding which must be offset by general fund expenditures.
6. The permanent fund generates interest for the trust beneficiaries. Interest for the Common Schools trust is distributed 95% to the common schools guarantee account annually with 5% reinvested in the permanent fund. Interest on the common schools permanent fund is forecasted at a rate of 3.70% for FY 2016, 3.50% for FY 2017, 3.30% for FY 2018, and 3.10 for FY 2019. Interest rates were provided by the Board of Investments, whose responsibility it is to manage the trust and legacy fund. Reductions in the deposits to the common schools permanent fund reduce interest in the fund and distributable interest to the trust.

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01) K-12 BASE Aid	\$36,378	\$36,505	\$36,558	\$36,604
Common School Guarantee Acct (02)	<u>(\$36,378)</u>	<u>(\$36,505)</u>	<u>(\$36,558)</u>	<u>(\$36,604)</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Common School Guarantee Acct (02)	(\$36,378)	(\$36,505)	(\$36,558)	(\$36,604)
University Trusts Distributable	(\$1,586)	(\$1,586)	(\$1,586)	(\$1,586)
Other Trusts Distributable	(\$1,366)	(\$1,366)	(\$1,366)	(\$1,366)
Public Buildings Distributable	(\$1,113)	(\$1,113)	(\$1,113)	(\$1,113)
CS Permanent Fund (09)	<u>(\$1,915)</u>	<u>(\$1,922)</u>	<u>(\$1,924)</u>	<u>(\$1,927)</u>
TOTAL Revenues	<u>(\$42,358)</u>	<u>(\$42,492)</u>	<u>(\$42,547)</u>	<u>(\$42,596)</u>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	(\$36,378)	(\$36,505)	(\$36,558)	(\$36,604)
Common School Guarantee Acct (02)	\$0	\$0	\$0	\$0
University Trusts Distributable	(\$1,586)	(\$1,586)	(\$1,586)	(\$1,586)
Other Trusts Distributable	(\$1,366)	(\$1,366)	(\$1,366)	(\$1,366)
Public Buildings Distributable	(\$1,113)	(\$1,113)	(\$1,113)	(\$1,113)
CS Permanent Fund (09)	(\$1,915)	(\$1,922)	(\$1,924)	(\$1,927)

**Technical Notes:**

1. Section 1 would make DNRC employees subject to a minimum \$500 fine if an outfitter is licensed to operate on a legally inaccessible tract. The legal status of roads within a county is often unknown. Unless a tract has clear and unquestionable legal access, DNRC staff will decline to issue outfitting licenses rather than be subject to criminal citations and fines. This will likely further reduce the number of licenses issued and revenues collected.

2. Landowner outfitters would be prohibited from using their own property to access and outfit on isolated state lands.
3. Section 2 restricts and makes state lessees criminally liable for granting permission to an outfitter to cross their lands to access state land. Isolated state lands are often surrounded by landowners who are not the lessee.
4. Section 4 amends 77-1-801, MCA, to be subject to Section 1 of the bill. 77-1-801, MCA, defines the requirement of a license for general recreational use. General recreational use does not include outfitting, which is considered special recreational use defined under ARM 36.25.145

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*